



Department of Justice

FOR IMMEDIATE RELEASE
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**JUSTICE DEPARTMENT CONCLUDES PROPOSED GASTROENTEROLOGISTS MERGER
POSES SUBSTANTIAL RISK OF COMPETITIVE HARM**

WASHINGTON, D.C. -- The Justice Department today said a proposed merger by 12 of the 14 gastroenterologists in Allentown, Pennsylvania is likely to lessen competition in the market for gastroenterology services in the Allentown/Bethlehem area.

The Department's position was stated in a business review letter from Acting Assistant Attorney General Joel I. Klein, head of the Antitrust Division, to the counsel for the three group practices comprising the 12 doctors proposing to merge.

Klein noted that the merger would likely enable the gastroenterologists to raise prices and impose other anticompetitive contract terms on health care plans serving Allentown and Bethlehem. The Department also found that the merger would not create any likely merger-specific efficiencies to offset the anticompetitive effects.

After a thorough investigation, the Department concluded that other physicians outside the Allentown/Bethlehem area were not adequate substitutes for the merging gastroenterologists and would not prevent anticompetitive effects.

Although other types of physicians perform some of the same procedures as gastroenterologists, health plans indicated that they could not successfully market a health benefits product in

the Lehigh Valley area if gastroenterologists were not included on their provider panels.

The newly formed group would account for as much as 92 percent of the gastroenterologists in Allentown and 66 percent in the Allentown/Bethlehem area.

The Department also rejected the groups' proposal for testing the effects of the merger in the broader geographic market of Lehigh and Northampton Counties, Carbon County to the north, the eastern portion of Berks County to the west, and the northern portion of Bucks county to the south. Managed care plans and other payers said that gastroenterologists outside the Allentown/Bethlehem area are too far away to be acceptable substitutes for the merging groups. Payers could not successfully divert patients to those distant gastroenterologists to defeat an anticompetitive price increase by the merging groups. Payers also doubted that gastroenterologists entering from outside the Allentown/Bethlehem area would influence an attempted price increase by the merged groups.

Under the Department's business review procedure, a person or organization may submit a proposed action to the Antitrust Division and receive a statement as to whether the Division will challenge the action under the antitrust laws.

A file containing the business review request and the Department's response may be examined in the Legal Procedure Unit of the Antitrust Division, Room 215 North, Liberty Place,

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Department of Justice, Washington, D.C. 20530. After a 30-day waiting period, the documents supporting the business review will be added to the file.

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